

Service Date: August 28, 1991

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF Montana                    )     DOCKET NO. 91.8.31  
Power Company's August 29,                 )  
1991, Electric Utility Rate                )     ORDER NO. 5566  
Change.                                        )

\* \* \* \* \*

FINAL ORDER

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FINDINGS OF FACT

1. Several dockets which affect the electric operations of Montana Power Company (MPC) will have been finally decided by November 1, 1991. In order to avoid customer confusion which may result from several rate changes occurring within a short time period, the Public Service Commission requested that MPC propose a single rate change to be effective on November 1, 1991. On August 1, 1991, the Commission received MPC's proposal.

2. The following adjustments were explained by MPC:

<u>Docket</u>	<u>Brief Description</u>	<u>Amount</u>	<u>Detailed Desc.</u>
90.6.39	Remainder of Final Order Increase	\$11,187,395	Note A
90.6.39	Removal of WNP-1 Amort. For 1990	(1,939,891)	Note B
90.6.39	7/12-8/29 Accrual	1,228,605	Note C
90.3.17	Amort. Of QF Unreflected Costs	3,783,622	Note D
91.6.24	QF Single Item filing Rate Inc.	1,730,643	Note E
91.6.24	QF Single Item Filing Amort.	82,682	Note F
91.8.28	MPSC Tax Increase	279,623	Note G
84.11.71	Rate Moderation Plan Decr. 8/29/91	(12,060,002)	Note H
	Load Growth	604,894	Note H
	MPSC Tax Differential in RMP Calc.	<u>45,144</u>	Note H
	Estimated Change to Rates 8/29/91	4,942,715	

Note A:

Docket No. 90.6.39, Order No. 5484k - Rate Increase: Order No. 5484k authorizes an increase in electric rates of \$39,839,707. Given the previously-authorized interim increase of \$28,652,312, this results in an additional increase to jurisdictional base rates of 511,187,395.

Note B:

Docket No. 90.6.39, Interim Order No. 5484b - WNP-1 Amortization: Interim Order No. 5484b authorized 2 one year amortization of increased WNP-1 costs starting on August 29, 1990, and ending on August 29, 1991. This results in a reduction to jurisdictional rates of \$1,939,891.

Note C:

Docket No. 90.6.39, Order No. 5484k - Accrual: Order No. 5484k authorized the company to accrue the effect of the increase in rates from the effective date of the order, July 12, 1991, until August 29, 1991. This results in an estimated increase in jurisdictional rates of \$1,228,605. This amount will be amortized and remain in rates until August 29, 1992.

Note D:

Docket No. 90.3.17, Order No. 5465d, FOF 25 - Amortization: Order No. 5465d, FOF 25, authorizes the company to amortize in rates the accrual of unreflected QF costs for the period March 21, 1990, through-h July 11, 1991. This results in an estimated increase in jurisdictional rates of \$3,783,622. This amount will remain in rates until August 29, 1992.

Note E:

Docket No. 91.6.24 - QF Single Item Filing Rate Increase: The company, in an original and subsequent amended filing, has requested an increase in rates due to increased QF costs. Interim Order No. 5561 authorizes \$668,014. An additional \$1,062,629 was requested in the amendment to the original filing and was approved by Interim Order No. 5561a. This adjustment results in an estimated increase in jurisdictional base rates of \$1,730,643.

Note F:

Docket No. 91.6.24 - QF Single Item Filing Accrual/Amortization: Interim Order No. 5561, FOF 8, authorizes the company to accrue the amount of the \$668,014 that would have been reflected in rates from July 22, 1991, until August 29, 1991. Also included is an accrual of that portion of the \$1,062,629 which was requested in the amendment to the

original filing (see Interim Order No. 5561a). These accruals are treated as a one-year amortization for the period August 29, 1991, until August 29, 1992. This results in an estimated increase in jurisdictional rates of \$82,682. This amount will remain in rates until August 29, 1992.

Note G:

Docket No. 91.8.28, Order No. 5565 - MPSC Tax Increase: Order No. 5565 authorizes an increase in rates due to the increase in the MPC tax from .16 percent to .24 percent. This results in an estimated increase in jurisdictional base rates of \$279,623.

Note H:

Docket No. 84.11.71, Order No. 5113b - 1991 Rate Moderation Plan Adjustment: Order No. 5113b established a plan which phased in the rate adjustment primarily for increased costs of the Colstrip 3 Power Plant. The 1991 rate moderation plan (RMP) adjustment is detailed in workpapers provided in the format used for all previous RMP adjustments. The RMP adjustments result in an estimated decrease in jurisdictional rates of \$12,060,002.

3. MPC is entitled to begin collecting the above-explained rate changes on August 29, 1991, pursuant to provisions in other Commission orders. However, in order to allow these changes to coincide with rate design changes which are forthcoming in Docket 90.6.39, MPC has agreed to defer actual collections in rates until November 1, 1991. This deferral will result in uncollected rates for the period of August 29 to November 1, which are estimated to be \$717,997. Consequently, MPC will be entitled to begin collecting an estimated rate increase of \$5,660,712 (\$4,942,715 + \$717,997) on November 1, 1991. This amount includes interest on the uncollected rates (August 29 to November 1) at MPC's return on equity rate of 12.1 percent. It is anticipated that the estimated \$717,997 will be fully amortized, and consequently excluded from rates by August 29, 1992.

4. The Commission finds the above-explained proposal to be in the public interest. It therefore approves the deferral of the rate implementation date of August 29 until November 1, 1991 and the resulting estimated uncollected rates or \$717,997, which includes interest on the uncollected balance.

CONCLUSIONS OF LAW

1. Applicant, Montana Power Company, provides electric service within the State of Montana and as such is a "public utility" within the meaning of Section, 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana rates and operations pursuant to Title 69, Chapter 3, MCA.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The applicant shall defer implementing the increase in electric revenues to which it is entitled and which is shown in the findings of fact above, from August 29, 1991, until November 1, 1991.

2. The applicant shall account for the actual foregone revenue increase, including interest at 12.1 percent per annum, and shall add the actual foregone revenues (estimated to be \$717,997) to the amounts to which it is entitled by Commission orders.

DONE IN OPEN SESSION at Helena, Montana, this 26th day of August, 1991, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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HOWARD L. ELLIS, Chairman

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DANNY OBERG, Vice Chairman

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WALLACE W. "WALLY" MERCER, Commissioner

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JOHN B. DRISCOLL, Commissioner

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BOB ANDERSON, Commissioner

ATTEST:

Ann Peck  
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.